REMARKS

General

Claims 1-42 are pending in the application. Claims 1-42 stand rejected. Claims 1, 9, 22, 37, and 38 are amended as discussed below.

No new matter is added by this amendment.

Rejections under 35 USC § 102(b)

Claims 1-6, 10-12, 18-22, 33-34, and 36-38,[1] of which claims 1, 22, 37, and 38 are independent, stand rejected as allegedly being anticipated under 35 USC § 102(b) by U.S. Patent Application No. 2002/0174046 (Mistretta). The rejection is traversed as to the claims now presented.

As a preliminary matter, the present application claims benefit of a provisional application filed February 21, 2003, which is less than a year after Mistretta's publication date. To the extent that the present application is entitled to its provisional priority date, Mistretta is not prior art under § 102(b). However, it is noted that Mistretta was filed in April 2002, and claims a provisional priority date of April 2001, either of which dates would make Mistretta prior art under § 102(e), unless Applicants prove an earlier date of invention. Without prejudice to any date of invention that the present Applicants may be able to establish, Mistretta is treated *arguendo* for the purposes of this response as if it is prior art under either §102(b) or § 102(e), and it is not necessary to decide which.

Claims 1, 22, 37, and 38 are further limited to the feature (taken from original claim 9) that the securities underlying the bundled instrument security are from a single issuer, and the feature (supported at least by original claims 7, 8, 23, 34, and 35 and implied in original claim 37) that the bundled instrument security is tradable. The § 102 rejection was not raised against any of original claims 7-9, and is therefore believed to be moot as to claims 1, 22, 37, and 38 now presented and dependent claims 2-6, 10-12, 18-21, 33-34, and 36.

[1] Claims 33-34, and 36-38 are not mentioned in the heading to Section 7 of the Detailed Action, but are discussed on pages 5 and 6.

Rejections under 35 USC § 103

Previous claims 7-9, 16, 23, and 32 are rejected as allegedly obvious over Mistretta in view of U.S. Patent No. 6,615,188 (Breen). This rejection is deemed to be applied to claims 1-6, 10-12, 18-22, 33-34, and 36-38 as now presented.

Mistretta describes an investment vehicle that combines a partially guaranteed minimum return with the possibility of high maximum returns, by combining in the single vehicle a guaranteed investment and a share of a managed investment pool investing in more speculative investments such as equities, paragraph [0032]. The instrument is not traded. It is sold to an investor, and is bought back or redeemed from that same investor, paragraph [0034]. The instrument cannot be traded, because it is tailored to the requirements of the individual investor, paragraph [0039] lines 4-5, paragraph [0042], last 7 lines. The instrument is not based on securities of a single issuer. The instrument necessarily contains disparate underlying investments, to provide the guaranteed and managed investment components, and there is no disclosure or suggestion that at least the managed investment component is not underlain by a wide variety of underlying investments.

Breen is not concerned with tradable instruments, any more than Mistretta is. Breen is concerned with a bundle of identical securities that is traded once but that, because it only exists as long as the single trade and because it is of a size arbitrarily determined by the underlying trades that are being bundled, is not a tradable instrument security. As previously explained, the terms "instrument" and "security" are terms of art that would be clearly understood by those skilled in the art. As is explained in the specification, see for example paragraphs [001] and [0024], the terms "instrument" and "security" require a degree of permanence, definiteness, and supervision that are not applicable to Breen's one-off aggregated trade. The term "tradable" requires a sufficient number of fungible securities or instruments that a market, and a market price, can meaningfully be established.

The presently claimed systems and methods as now claimed, in contrast both to Mistretta and to Breen, provide a bundled instrument that is tradable, that is traded, and that is underlain by the securities of a single issuer. There is no disclosure in Mistretta of a system or method having those features, and the claims now presented are therefore novel over Mistretta. Further, there is nothing in Mistretta that would have suggested to a person having ordinary skill in the art to modify Mistretta's instrument, or would even have made it possible for a person having

ordinary skill in the art to modify Mistretta's instrument, so as to have the claimed features. The presently claimed systems and methods are therefore believed to be non-obvious over Mistretta.

With reference to previous claim 7, the Office alleges obviousness over Mistretta in view of Breen, stating that "Breen discloses wherein the depositary receipts are traded on public securities marketplaces, ECNs, and exchanges (column 8, lines 9-17)." Page 6, lines 7-9 of the Office action. The antecedent for the "the depositary receipts" is apparently page 3, lines 16-18 of the Office action, stating that "Mistretta further discloses ... the bundled instrument security is represented by depositary receipts ... ([0004])." In fact, however, neither paragraph [0004] of Mistretta nor column 8, lines 9-17 of Breen mentions anything that can be recognized as a depositary receipt. The Office is requested to explain, with the particularity required by 37 C.F.R. § 1.104(c)(2), what instrument in Mistretta is alleged to be a "depositary receipt" and what instrument in Breen is alleged to be a "depositary receipt," and to show that those instruments are the same. Unless and until all three of those things are done, the Office has not shown a *prima facie* case for the proposed combination of Breen and Mistretta.

Thus, neither Mistretta nor Breen discloses or fairly suggests a tradable instrument security as claimed. Since Mistretta and Breen do not disclose nor fairly suggest all the features of independent claims 1, 22, 37, and 38, those claims are non-obvious over Mistretta and Breen.

Further, it would not have been obvious to combine Mistretta and Breen, because each reference teaches away from the essential purpose of the other. It is essential to Mistretta that the vehicles are individually tailored, durable, and composed of disparate underlying securities. It is essential to Breen that the bundles are uniform, ephemeral, and composed of identical securities.

The Jacobs, Dickstein, "official notice," Agarwal, Bowen, and Graff references do not assist the Office. Those references are relied on only for the additional features of certain dependent claims, and are not alleged to show, and are believed not to show, the features of the independent claims missing from Mistretta and Breen.

For all of the above reasons, claims 1, 22, 37, and 38 are deemed to be novel and non-obvious.

Claims 2-12, 16, 18-21, 23, 32-34, and 36 depend from claims 1 and 22 and, without prejudice to their individual merits, are deemed to be novel and non-obvious over Mistretta for at least the same reasons as claims 1 and 22.

In addition, claim 3 recites bundling rules. Mistretta does not teach bundling rules. As noted above, Mistretta teaches assembling a customized vehicle for the requirements of each investor.

Claim 4 (with dependent claims 5-6) recites the security combine is a trust operated under the guidance of a trustee. The Office cites to paragraphs [0004] and [0075] of Mistretta. The Office appears to have misread Mistretta. The trustees mentioned at paragraph [0004], lines 2, 3, 5, and 8 and paragraph [0075], line 8, are not guiding the issuer of Mistretta's vehicle, as the Office's argument assumes. Those trustees are investors buying Mistretta's vehicle. Paragraph [0075] refers to "a fund called ... a Trust" but there is no showing that it actually is a trust.

Claim 5 recites that the trustee is a bank. The Office cites to paragraph [0075] of Mistretta, but there is no mention of a bank in that paragraph.

Claim 6 recites that the bundled instrument security is represented by depositary receipts. The Office cites to paragraph [0004] of Mistretta but that paragraph contains no mention of depositary receipts.

Regarding claims 7 and 8, as discussed above, the "depositary receipts" referred to in the Office action are not found in Mistretta or Breen.

Claim 8 recites that the depositary receipts are traded as part of a private securities transaction. The Office cites to col. 8, lines 18-24 of Breen, but that passage refers only to "trades (made on exchanges)."

Claim 10 recites that the underlying securities are of disparate securities types. The Office cites to Mistretta, but Mistretta teaches only disparate securities types from disparate issuers. That is essential to Mistretta's desire for a mixture of safety and profitability through diversification. Breen, as discussed above, suggests only bundling identical securities. There is no way to combine Mistretta and Breen so as to bundle disparate securities types from a single issuer, as claimed.

Claim 12 (see also claim 33) recites that the bundled instrument security is generated from a selected multiple of the plurality of the securities. The Office cites to paragraph [0010] of Mistretta, but that paragraph appears to discuss what securities to choose, not how many of each. In fact, as noted above, Mistretta tailors the vehicle to each investor, so would likely choose individually tailored multiples of each of a plurality of securities.

Regarding claims 16 and 32, it is respectfully pointed out that the cited passage from Breen describes deliberately discouraging option trades, and therefore teaches away from the Office's proposed modification of Mistretta.

Claim 19 recites that the bundled instrument security comprises a cash distribution issued on the units of the plurality. The Office's purported rejection of claim 19 overlooks this feature, and the Office cites only to paragraphs [0034] and [0075] of Mistretta, which do not mention this feature, and at most describe a cash distribution from the vehicle to the investor, without explaining the origin of the cash.

Claim 21 recites a fee that is charged for redemption. The Office cites to paragraphs [0086] to [0089] of Mistretta, but those paragraphs do not mention a redemption fee. "Closing" in Mistretta is the closing of the agreement at the beginning of the investment period, see paragraph [0034], line 3.

The rejection of claim 34 "using the same rationale as claim 34" is clearly incorrect. Claim 34 is believed to be non-obvious using the same rationale as claim 6.

For these reasons also, at least claims 3-8, 10, 12, 16, 19, 21, and 32-34 are deemed to be novel and non-obvious over the cited references.

Claims 13 and 28 stand rejected as obvious over Mistretta in view of US Patent Application No. 2003/0200164 (Jacobs). Claims 25-27 and 29-31 are listed under Jacobs, but the Office's stated rationale for rejecting them does not seem to involve Jacobs. Claims 14-15, 24, 29, and 37 stand rejected as obvious over Mistretta in view of US Patent Application No. 2002/0087373 (Dickstein) and further in view of Official Notice. Claim 17 stands rejected as obvious over Mistretta in view of US Patent Application No. 2002/0099645 (Agarwal). Claim 35 stands rejected as obvious over Mistretta in view of US Patent Application No. 2005/0119962 (Bowen). Claim 40 stands rejected as obvious over Mistretta in view of Dickstein and further in view of US Patent Application No. 2003/0069817 (Graff). Claim 41 stands rejected as obvious over Mistretta in view of Dickstein and Graff and further in view of official notice. Claim 42 stands rejected as obvious over Mistretta in view of Dickstein.

Claim 37 includes in substance the same novel features as claim 1, and no additional argument involving Jacobs is presented by the Office. Claims 13-15, 17, 24-31, 35, and 40-42 depend from claims 1, 22, and 38. The various secondary references are relied on only in respect

of the additional features recited in these claims. Without prejudice to their individual merits, therefore, claims 13-15, 17, 24-31, 35, 37, and 40-42 are deemed to be novel and non-obvious over the various combinations of references for at least the same reasons that claims 1, 22, and 38 are novel and non-obvious.

In addition, claim 13 recites that the selected multiple of the underlying securities from which the bundled instrument security is generated has a value in a selected range in compliance with securities regulations. The Office cites to paragraph [0006] of Jacobs, which discusses regulatory limits on the proportion of certain types of stock that a bank may include in its capitalization. The cited reference is irrelevant to the claim.

Claim 15 (also claim 24) recites that the selected multiple used in generating the bundled instrument security form the underlying securities is based on at least one factor comprising any of current share price, market capitalization, trading volume, listing venue, and investor interest. The Office cites to paragraphs [0018], [0027], and [0047] of Dickstein. The relevance of those paragraphs is not apparent. The Office is respectfully requested to explain more particularly what parts of Dickstein's disclosure are considered relevant to claims 15 and 24, and how and why they are relevant. The Office further asserts Official Notice of the proposition that "the use of trading volume to determine whether to purchase a security" is old. The claim is not concerned with "whether to purchase a security" but with how many of the underlying security the tradable bundled instrument security represents. The Office's argument is not relevant to what is actually claimed.

The Office's statement that claims 25-26 and 30 are being rejected using the same rationale as claim 12, and claim 31 using the same rationale as claim 27, do not appear to make sense, and are believed to be a clerical error. Applicants are unable to infer what was intended, and the rejection of claims 25-26 and 30-31 is therefore traversed as groundless on its face.

Claim 28 is rejected "using the same rationale as claim 13." The rejection is traversed for the same reasons as claim 13.

For at least these reasons also, at least claims 13, 15, 24-26, 28, and 30 are deemed to be novel and non-obvious over the cited prior art.

No ground for rejecting claim 39 is found, and claim 39 is therefore deemed to stand allowable.

For all of the above reasons, the rejections of claims 1-42 are without merit as applied to the claims now presented, and should be withdrawn.

CONCLUSION

For all of the foregoing reasons, the application is in condition for allowance. Withdrawal of all objections and rejections, and allowance of claims 1-42 are respectfully requested. An early notice of allowance of those claims is earnestly solicited.

Respectfully submitted,

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